



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
PULASKI COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

PULASKI COUNTY DARRELL BESHEARS, COUNTY JUDGE/EXECUTIVE FISCAL COURT AUDIT FISCAL YEAR ENDED JUNE 30, 1998

Audit Opinion:

We have issued an unqualified opinion in our independent auditor's report with the following comment and recommendation:

The County Should Have Required The Depository Institution To Pledge Or Provide Additional Collateral Of \$378,935 And Enter Into A Written Agreement To Protect Deposits

Financial Statements:

As of June 30, 1998 Pulaski County had assets of \$4,850,352 and liabilities to be paid from current revenues of \$1,195,842 and liabilities to be paid from future resources of \$2,863,198. The total fund balance for all funds as of June 30, 1999 was \$2,824,527.

Notes To Financial Statements:

The current liabilities represent Detention Center Corporation Bonds (Series 1988) which are scheduled to be called and redeemed on July 1, 1998, with funds from the Detention Center Corporation Bonds (Series 1996). The current liabilities also include \$584 in the Payroll Revolving Fund and \$258 in the Insurance Reimbursement Fund.

The county has two notes receivable, which total \$629,181, which represent loans of Community Development Block Grant monies to the Somerset Food Service and Somerset Recycling.

The county has one capital leases and two long-term debt obligations. As of June 30, 1998, the balance of the principal owed for the purchase of fire trucks and an ambulance was \$699,000. The county is responsible for one-half of the principal and interest on bonds issued May 1, 1990, to finance the Somerset Fine Arts/Community Center Building. The county's portion of the principal on those bonds as of June 30, 1998 was \$135,000. The county also had bonds dated October 1, 1996, with a principal balance of \$1,295,000. These were issued for the purpose of defeasing the 1988 Bond Series.

Subsequent Events:

Subsequent to our audit period the county issued \$935,000 of general obligation public purpose notes. These notes were for the purpose of funding the judgement rendered in a civil action against the county, brought by employees for improper dismissal.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Darrell BeShears, Pulaski County Judge/Executive

Honorable Louie Floyd, Former Pulaski County Judge/Executive

Members of the Pulaski County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Pulaski County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Pulaski County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B) is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pulaski County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Darrell BeShears, Pulaski County Judge/Executive

Honorable Louie Floyd, Former Pulaski County Judge/Executive

Members of the Pulaski County Fiscal Court

In our opinion, based upon our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Pulaski County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of June 30, 1998, in conformity with the cash basis of accounting described above.

Our audit was performed for the purpose of forming an opinion on the financial statements of Pulaski County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have Required The Depository Institution To Pledge Or Provide Additional Collateral Of \$378,935 And Enter Into A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2000 on our consideration of Pulaski County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

June 27, 2000

PULASKI COUNTY OFFICIALS

June 30, 1998

Louie Floyd	County Judge/Executive
Fred Neikirk	County Attorney
Willard Hansford	County Clerk
George Flynn	Circuit Court Clerk
Sam Catron	Sheriff
Darrell Presley	Jailer
Ronald Woodson	Property Valuation Administrator
Arlene Phelps	County Treasurer
Alan Stringer	Coroner
Darrell Wilson	Magistrate
Howard Hansford	Magistrate
James Cothron	Magistrate
Ralph Troxtell	Magistrate
Phillip McClendon	Magistrate
James Slaughter	Magistrate
Earl Hicks	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

PULASKI COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 990,749
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Road and Bridge Fund:

Cash	291,636
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Jail Fund:

Cash	521,878
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Jail Commissary Fund:

Cash	55,447
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Local Government Economic Assistance Fund:

Cash	37,208
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911 Fund:

Cash	128,831
------	---------

Economic Development Fund:

Cash	85,158
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Long Term Note Receivable (Note 4)	468,243
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Industrial Development Fund:

Cash	58,168
------	--------

Long Term Note Receivable (Note 4)	160,938
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Fire Protection Fund:

Cash	245,823
------	---------

Investments	200,000
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Tourism Fund:

Cash	19,854
------	--------

Occupational Tax Fund:

Cash	191,906
------	---------

Detention Center Corporation Bond Fund:

Cash	8
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Investments	1,395,794
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Revolving Payroll Account:

Cash	584
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Insurance Reimbursement Account:

Cash	258
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PULASKI COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Assets and Other Resources (Continued)

Other Resources

General Fund:

Somerset Fine Art/Community Center Building-	
Amount to be Provided in Future Years for Bond Principal Payments (Note 6)	\$ 135,000
Civil Lawsuit Liability-	
Amount to be Provided in Future Years for Note Principal Bond Payments (Note 8)	935,000

Fire Protection Fund:

Amount to be Provided in Future Years for KACO Leasing Trust Bond Principal Payments (Note 7)	699,000
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Detention Center Corporation Bond Fund:

Amount to be Provided in Future Years for Principal Bond Payments (Note 6)	<u>1,094,198</u>
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Total Assets and Other Resources	<u>\$ 7,713,550</u>
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Liabilities and Fund Balances

Liabilities

General Fund:

Somerset Fine Arts/Community Center Building-	
Bond Principal Not Matured (Note 6)	\$ 135,000
Civil Lawsuit Liability	
Note Principal Payments (Note 8)	935,000

Economic Development Fund:

Deferred Revenue for Long Term Receivable (Note 4)	468,243
--	---------

Industrial Development Fund:

Deferred Revenue for Long Term Receivable (Note 4)	160,938
--	---------

Fire Protection Fund:

KACO Leasing Trust Bond Principal Payments (Note 7)	699,000
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Detention Center Corporation Bond Fund:

Bond Principal Not Matured (Note 6)	2,490,000
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Revolving Payroll Account	584
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Insurance Reimbursement Account	258
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PULASKI COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities and Fund Balances (Continued)

Fund Balances

Reserved:

Jail Commissary Fund	\$ 55,447
911 Fund	128,831
Economic Development Fund	85,158
Industrial Development Fund	58,168
Fire Protection Fund	445,823
Tourism Fund	19,854
Occupational Tax Fund	191,906

Unreserved:

General Fund	990,749
Road and Bridge Fund	291,636
Jail Fund	521,878
Local Government Economic Assistance Fund	<u>37,208</u>

Total Liabilities and Fund Balances	<u><u>\$ 7,713,550</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

PULASKI COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 13,156,802	\$ 2,977,466	\$ 2,177,011	\$ 1,501,200
Transfers In	5,719,881	2,608,332	1,601,514	
Kentucky Advance Revenue Program	3,801,475	3,079,500	721,975	
Lease-Purchase Proceeds	150,000		150,000	
Jail Commissary Fund Receipts	184,157			
Total Cash Receipts	<u>\$ 23,012,315</u>	<u>\$ 8,665,298</u>	<u>\$ 4,650,500</u>	<u>\$ 1,501,200</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 12,438,985	\$ 4,862,972	\$ 3,686,260	\$ 1,123,945
Administrative Fees	2,131			
Transfers Out	5,719,881	550,000		157,405
Bonds:				
Principal Paid	160,000			
Interest Paid	156,708			
Trustee Fee	1,745			
Rural Economic Development Center- Bond Principal	60,000	60,000		
Kentucky Advance Revenue Program Repaid	3,801,475	3,079,500	721,975	
KACO Leasing Trust Equipment Lease	226,102		74,102	
Jail Commissary Fund Expenditures	175,568			
Total Cash Disbursements	<u>\$ 22,742,595</u>	<u>\$ 8,552,472</u>	<u>\$ 4,482,337</u>	<u>\$ 1,281,350</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 269,720	\$ 112,826	\$ 168,163	\$ 219,850
Cash Balance - July 1, 1997*	<u>3,950,609</u>	<u>877,923</u>	<u>123,473</u>	<u>302,028</u>
Cash Balance - June 30, 1998*	<u>\$ 4,220,329</u>	<u>\$ 990,749</u>	<u>\$ 291,636</u>	<u>\$ 521,878</u>

* Cash Balance Includes Investments

PULASKI COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund
\$	\$ 256,212	\$ 1,913 651,621	\$ 23,562	\$ 4,140 701,009	\$ 866,177
184,157					
\$ 184,157	\$ 256,212	\$ 653,534	\$ 23,562	\$ 705,149	\$ 866,177
\$	\$ 259,852	\$ 580,597	\$	\$ 877,353	\$ 895,233
175,568					152,000
\$ 175,568	\$ 259,852	\$ 580,597	\$ 0	\$ 877,353	\$ 1,047,233
\$ 8,589 46,858	\$ (3,640) 40,848	\$ 72,937 55,894	\$ 23,562 61,596	\$ (172,204) 230,372	\$ (181,056) 626,879
\$ 55,447	\$ 37,208	\$ 128,831	\$ 85,158	\$ 58,168	\$ 445,823

PULASKI COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 163,429	\$ 5,115,056	\$ 70,636
Transfers In			157,405
Kentucky Advance Revenue Program			
Lease-Purchase Proceeds			
Jail Commissary Fund Receipts			
Total Cash Receipts	<u>\$ 163,429</u>	<u>\$ 5,115,056</u>	<u>\$ 228,041</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 152,773	\$	\$
Administrative Fees			
Transfers Out		5,012,476	
Bonds:			
Principal Paid			160,000
Interest Paid			156,708
Trustee Fee			1,745
Rural Economic Development Center- Bond Principal			
Kentucky Advance Revenue Program Repaid			
KACO Leasing Trust Equipment Lease			
Jail Commissary Fund Expenditures			
Total Cash Disbursements	<u>\$ 152,773</u>	<u>\$ 5,012,476</u>	<u>\$ 318,453</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 10,656	\$ 102,580	\$ (90,412)
Cash Balance - July 1, 1997*	<u>9,198</u>	<u>89,326</u>	<u>1,486,214</u>
Cash Balance - June 30, 1998*	<u>\$ 19,854</u>	<u>\$ 191,906</u>	<u>\$ 1,395,802</u>

*Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Pulaski County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund, Detention Center Corporation Bond Fund, Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B) as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Pulaski County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. As of June 30, 1998, the bank balances were fully insured or collateralized with securities held by the county's agent in the county's name. However, as of August 29, 1997, the uncollateralized amount on deposit was \$378,935. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit. In addition, the county did not have a written agreement with one of the depository institutions.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of August 29, 1997.

	<u>Bank Balance</u>
Collateralized with securities held by the county's agent in the county's name	\$ 835,192
Uncollateralized and uninsured	<u>378,935</u>
Total	<u><u>\$ 1,214,127</u></u>

Note 4. Long-Term Note Receivable

- A. In April 1993, Pulaski County loaned Somerset Food Services the proceeds from a Community Development Block Grant in the amount of \$317,532 plus an additional \$200,000. This loan was for a period of twenty (20) years at 3 percent interest with 20 annual payments in the amount of \$21,307 for the first five years and \$38,061 for the remaining 15 years. As of June 30, 1998, Somerset Food Services was in substantial compliance with the terms of the loan agreement.

Principal Balance Due Pulaski County at June 30, 1998 was \$468,243.

- B. On December 15, 1997, Pulaski County passed through Community Development Block Grant (CDBG) funds in the amount of \$99,900 to the Somerset-Pulaski County Development Foundation, Inc., which was loaned to Somerset Recycling. On June 15, 1998, an additional \$61,038 of Community Development Block Grant funds was loaned to Somerset Recycling. This loan was for a period of 7 years at 5.641 percent interest with monthly payments of \$2,403.34. The CDBG funds were received and expended through the County's General Fund. In accordance with the grant agreement the repayment of the CDBG funds are to be deposited to the Pulaski County Economic Development Fund.

Principal Balance Due Pulaski County at June 30, 1998 was \$160,938.

Note 5. Operating Leases

Description	Purchase Date	Maturity Date	Interest Rate	Principal Balance June 30, 1998
Pickup Truck	12/4/1996	12/4/2000	Variable	\$ 17,439
Road Equipment	12/6/1996	1/1/2000	Variable	\$ 74,257
Road Equipment	11/24/1997	1/20/2002	Variable	\$ 123,000

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 6. Long-Term Debt

- A. On May 1, 1990, the Pulaski County Fiscal Court entered into an agreement with the city of Somerset to pay one-half of all principal and interest for \$1,000,000 of bonds issued May 1, 1990, by the Somerset Municipal Projects Corporation to finance a portion of the Somerset Fine Arts/Community Center Building. As of June 30, 1998, the principal amount of outstanding was \$135,000.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 1999	\$ 10,125	\$ 65,000
June 30, 2000	5,250	70,000
Totals	<u>\$ 15,375</u>	<u>\$ 135,000</u>

- B. October 1, 1996, Pulaski County Detention Center Corporation Bond Fund issued \$1,415,000 of Revenue Bonds for the purpose of defeasing the 1988 Bond Series Issue. The 1988 bonds were originally issued to finance and equip the Pulaski County Detention Center. The Refunding Bonds were dated October 1, 1996, with the requirement that two semiannual interest payments be made on January 1 and July 1 of each year commencing January 1, 1997. One principal payment will be due on July 1, of each year commencing January 1, 1997. Bonds will mature July 1, 2008. As of June 30, 1998, the principal amount outstanding was \$1,295,000.

<u>Fiscal Year Ending</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 1999	\$ 61,128	\$ 95,000
June 30, 2000	56,473	95,000
June 30, 2001	51,695	100,000
June 30, 2002	46,673	105,000
June 30, 2003	41,405	110,000
June 30, 2004-2008	121,030	790,000
Totals	<u>\$ 378,404</u>	<u>\$ 1,295,000</u>

- C. The Pulaski County Detention Center Corporation Bond Fund issued the 1988 bond series to finance and equip the Pulaski Detention Center. On October 1, 1996, Refunding Bonds were issued for the purpose of defeasing the 1988 Bond Series Issue. The earliest on which series 1988 bonds can be redeemed prior to maturity is July 1, 1998. As of June 30, 1998, the principal balance outstanding was \$1,195,000.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 7. Lease-Purchase Agreements

- A. The county entered into a capital lease-purchase agreement with Kentucky Association of Counties Leasing Trust Program for the acquisition of fire trucks and an ambulance in June of 1992. Terms of the agreement stipulate a ten-year repayment schedule with variable interest payments and variable annual principal payments. As of June 30, 1998, the principal balance was \$699,000.

<u>Fiscal Year Ending</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 1999	\$ 32,670	\$ 161,000
June 30, 2000	24,152	170,000
June 30, 2001	15,170	179,000
June 30, 2002	<u>5,700</u>	<u>189,000</u>
Totals	<u>\$ 77,692</u>	<u>\$ 699,000</u>

Note 8. Subsequent Events

Civil Lawsuit

In November of 1995 a civil action judgement was rendered against the Pulaski County fiscal court for improperly firing employees. The judgement was for \$466,000 plus attorney fees and costs. This matter was appealed to the United States Sixth Circuit Court of Appeals. On December 21, 1999, the United States Sixth Circuit Court of Appeals upheld the judgement rendered. As a result of this decision, Pulaski County agreed to pay a total judgement amount of \$922,715, which includes the original judgement amount, lost wages, interest, and retirement.

In order to fund this judgement expense, the fiscal court issued \$935,000 of Kentucky General Obligation Public Purpose Notes Series 2000 at 5.56% interest. These notes were dated March 1, 2000, with the requirement that two semiannual interest payments be made on September 1 and March 1 of each year commencing September 1, 2000. One principal payment will be due on March 1 of each year commencing September 1, 2000. Notes will mature March 2004.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

PULASKI COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
General Fund	\$ 8,872,209	\$ 2,977,466	\$ (5,894,743)
Road and Bridge Fund	4,100,282	2,177,011	(1,923,271)
Jail Fund	1,257,878	1,501,200	243,322
Local Government Economic Assistance Fund	224,352	256,212	31,860
911 Fund	652,600	1,913	(650,687)
Industrial Development Fund	706,000	4,140	(701,860)
Fire Protection Fund	864,000	866,177	2,177
Tourism Fund	168,000	163,429	(4,571)
Occupational Tax Fund		5,115,056	5,115,056
	<hr/>	<hr/>	<hr/>
Totals	\$ 16,845,321	\$ 13,062,604	\$ (3,782,717)

Reconciliation

Total Budgeted Operating Revenue Above	\$ 16,845,321
Add: Budgeted Prior Year Surplus	2,272,713
Less: Other Financing Uses	<u>(4,248,622)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 14,869,412</u>

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SCHEDULE OF OPERATING REVENUE

PULASKI COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 1,047,763	\$ 1,047,763	\$	\$
Excess Fees	80	80		
County Clerk:				
Deed Transfer Tax	125,152	125,152		
Occupational Licenses	1,542	1,542		
Delinquent Taxes	10,165	10,165		
Excess Fees	623,755	623,755		
Tangible Personal Property Taxes:				
Other Counties	59,656	59,656		
County Clerk	193,817	193,817		
Cellular One Settlement	15,866	15,866		
Occupational Employment Tax	5,101,717			
Insurance Premium Tax	833,874			
Transient Tax	141,578			
In Lieu of Taxes:				
Tennessee Valley Authority	35,978	35,978		
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<hr/> \$ 8,190,943	<hr/> \$ 2,113,774	<hr/> \$ 0	<hr/> \$ 0
 <u>U.S. Treasurer</u>				
Housing Prisoners	<hr/> \$ 102,981	<hr/> \$ 0	<hr/> \$ 0	<hr/> \$ 102,981
 <u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 4,819	\$	\$	\$
Community Development Block Grants -				
Somerset Recycling Economic Development Project	160,938	160,938		
Disaster and Emergency Assistance				
Grant - Snow Removal	402,521		402,521	
Flood Control Receipts	58,989	58,989		

PULASKI COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund
\$	\$	\$	\$	\$
				833,874
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 833,874</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$ 4,819

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PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
Revenue From Local Taxes <u>and Excess Fees</u>			
Sheriff:			
Taxes	\$	\$	\$
Excess Fees			
County Clerk:			
Deed Transfer Tax			
Occupational Licenses			
Delinquent Taxes			
Excess Fees			
Tangible Personal Property Taxes:			
Other Counties			
County Clerk			
Cellular One Settlement			
Occupational Employment Tax		5,101,717	
Insurance Premium Tax			
Transient Tax	141,578		
In Lieu of Taxes:			
Tennessee Valley Authority			
Totals	\$ 141,578	\$ 5,101,717	\$ 0
<u>U.S. Treasurer</u>			
Housing Prisoners	\$ 0	\$ 0	\$ 0
<u>Federal Receipts - State Treasurer</u>			
Disaster and Emergency Assistance			
Grants - Coordinator Salary	\$	\$	\$
Community Development Block			
Grants -			
Somerset Recycling Economic			
Development Project			
Disaster and Emergency Assistance			
Grant - Snow Removal			
Flood Control Receipts			

PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Federal Receipts - State Treasurer</u> (Continued)				
National Forestry Receipts	\$ 28,368	\$	\$ 28,368	\$
Federal Highway Safety Grant	47,694	47,694		
Totals	<u>\$ 703,329</u>	<u>\$ 267,621</u>	<u>\$ 430,889</u>	<u>\$ 0</u>
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 214,073	\$	\$	\$ 214,073
Medical Allotments	13,006			13,006
Driving Under The Influence Fees	10,515			10,515
Housing State Prisoners	375,630			375,630
Class D Felons	572,101			572,101
County Road Aid	1,513,817		1,513,817	
Road Energy Recovery	2,655		2,655	
Truck License Distribution	151,651		151,651	
Strip Mine Permits	200	200		
Courthouse Rental - Administrative				
Office of the Courts	129,546	129,546		
Refunds:				
Legal Process Tax	396	396		
Drivers Licenses	5,285		5,285	
Dog Licenses	476	476		
Timberland Tax	35	35		
Severance Taxes:				
Coal	89,950			
Mineral	165,428			
Grants:				
Disaster and Emergency				
Assistance Grant -				
Coordinator Salary	354			
Board of Assessments	200	200		
Totals	<u>\$ 3,245,318</u>	<u>\$ 130,853</u>	<u>\$ 1,673,408</u>	<u>\$ 1,185,325</u>

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PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Federal Receipts - State Treasurer</u> (Continued)			
National Forestry Receipts	\$	\$	\$
Federal Highway Safety Grant			
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Kentucky State Treasurer</u>			
Jail:			
Allotments	\$	\$	\$
Medical Allotments			
Driving Under The Influence Fees			
Housing State Prisoners			
Class D Felons			
County Road Aid			
Road Energy Recovery			
Truck License Distribution			
Strip Mine Permits			
Courthouse Rental - Administrative			
Office of the Courts			
Refunds:			
Legal Process Tax			
Drivers Licenses			
Dog Licenses			
Timberland Tax			
Severance Taxes:			
Coal			
Mineral			
Grants:			
Disaster and Emergency			
Assistance Grant -			
Coordinator Salary			
Board of Assessments			
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 208,175	\$ 113,056	\$ 29,335	\$ 12,242
Dividends	62,931			
Circuit Court Clerk:				
Jail Cost	28,209			28,209
Housing Prisoners- Other Counties	72,269			72,269
Jail:				
Telephone Commission Refunds	34,880			34,880
Work Release	33,076			33,076
Bond Fees	7,095			7,095
Inmate Reimbursement	15,515			15,515
Community Development Block Grant Loan Repayments - Somerset Foods	21,307			
Reimbursements:				
Adanta Group	12,374	12,374		
Solid Waste Salaries	52,790	52,790		
Insurance	92,970	79,911	8,785	4,274
City of Somerset	14,323	14,323		
Christmas Island Start-up	5,000			
Licenses and Permits:				
Cable TV Franchise	95,088	95,088		
Charges for Services:				
Parking Lot	7,220	7,220		
Parks and Recreation	43,330	43,330		
Stone Royalty	32,551		32,551	
Dog Pound Fees	32,887	32,887		
Advertising	14,045			
Rental Income	1,885			
Miscellaneous Items	26,311	14,239	2,043	5,334
Totals	\$ 914,231	\$ 465,218	\$ 72,714	\$ 212,894
Total Operating Revenue	\$ 13,156,802	\$ 2,977,466	\$ 2,177,011	\$ 1,501,200

PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund

\$	834	\$	1,850	\$	2,255	\$	4,140	\$	22,975
----	-----	----	-------	----	-------	----	-------	----	--------

21,307

	63			4,155
\$ 834	\$ 1,913	\$ 23,562	\$ 4,140	\$ 27,130
\$ 256,212	\$ 1,913	\$ 23,562	\$ 4,140	\$ 866,177

PULASKI COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Miscellaneous Revenue</u>			
Interest	\$ 444	\$ 13,339	\$ 7,705
Dividends			62,931
Circuit Court Clerk:			
Jail Cost			
Housing Prisoners-			
Other Counties			
Jail:			
Telephone Commission Refunds			
Work Release			
Bond Fees			
Inmate Reimbursement			
Community Development Block			
Grant Loan Repayments -			
Somerset Foods			
Reimbursements:			
Adanta Group			
Solid Waste Salaries			
Insurance			
City of Somerset			
Christmas Island Start-up	5,000		
Licenses and Permits:			
Cable TV Franchise			
Charges for Services:			
Parking Lot			
Parks and Recreation			
Stone Royalty			
Dog Pound Fees			
Advertising	14,045		
Rental Income	1,885		
Miscellaneous Items	477		
Totals	\$ 21,851	\$ 13,339	\$ 70,636
Total Operating Revenue	\$ 163,429	\$ 5,115,056	\$ 70,636

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

PULASKI COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,695	\$ 48,313	\$ 382
Deputy County Judge/Executive	29,205	29,204	1
Secretaries	78,515	68,457	10,058
Advertisements	10,000	6,570	3,430
Rental Payments	7,000	4,970	2,030
Office Supplies	10,012	9,580	432
Postage	3,500	3,865	(365)
Printing	1,000	224	776
Travel	8,000	5,895	2,105
Furniture and Fixtures	2,500	2,163	337
Office of County Attorney:			
Salaries-			
County Attorney	32,296	32,296	
Secretary	11,554	11,553	1
Office Supplies	2,000	1,809	191
Office of County Clerk:			
Salary-Secretary to the Board	600	600	
Calculating Motor Vehicle Tax Bills	23,157	23,157	
Data Processing Supplies	1,000		1,000
Indexing Deeds	4,500	1,580	2,920
Printing and Binding	2,500		2,500
Office of Sheriff:			
Salaries-			
Deputies	222,200	218,105	4,095
Clerks	65,000	64,755	245
Advertising	10,200	10,191	9
Marijuana Control	2,000		2,000
Tower Rent	3,500	1,065	2,435
Uniforms	8,000	5,072	2,928
Bond	1,600	1,566	34

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Sheriff: (Continued)			
Postage	\$ 8,500	\$ 8,443	\$ 57
Equipment	4,500	35	4,465
Office of County Coroner:			
Salaries-			
County Coroner	18,775	18,774	1
Deputy Coroner	15,650	13,439	2,211
Part-Time Driver	3,800	1,348	2,452
Film Development	1,000	860	140
Refrigeration Expense	3,000	1,888	1,112
Office Supplies and Postage	1,000	507	493
Uniforms	1,000	639	361
Supplies	2,000	721	1,279
Exhumation	750		750
Inquest	2,500	2,485	15
Registrations and Conferences	3,000	2,526	474
Mobile Telephone	4,290	4,288	2
Vehicle Maintenance	2,000	1,196	804
Equipment	9,000	481	8,519
Fiscal Court:			
Magistrates-			
Salaries	109,735	109,721	14
Expense Allowance	25,200	25,200	
Bonds	1,070	1,066	4
Office of Property Valuation Administrator:			
Statutory Contribution	50,700	50,700	
Telephone	2,100	1,662	438
Office of Board of Assessment Appeals:			
Per Diem	400		400
Office of County Treasurer:			
Salary	31,325	31,321	4
Bond	2,500	2,313	187

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Tax Administration:			
Salaries -			
Accountants and Bookkeeper	\$ 37,550	\$ 38,000	\$ (450)
Tax Administrator	29,205	29,204	1
Copier Lease Payment	1,170	1,169	1
Computers	8,000	4,955	3,045
Office Renovation	1,595	1,592	3
Office Supplies	2,500	1,950	550
Bond	2,900	2,417	483
Postage	5,000	3,828	1,172
Printing	3,000	1,532	1,468
Refund for Overpayment	108,000	106,706	1,294
Telephone	1,700	1,472	228
Training	1,500	258	1,242
Travel	1,500	813	687
Data Processing:			
Coordinator Salary	19,480	19,477	3
Support Agreements	4,000	3,296	704
Maintenance Agreements	3,000	2,494	506
Office Supplies	5,500	3,335	2,165
Training	1,000	40	960
Equipment	31,900	31,890	10
County Law Library:			
Law Librarian Salary	1,200	1,249	(49)
Elections:			
Per Diem-			
Election Commissioners	3,100	2,100	1,000
Election Officers	19,000	15,958	3,042
Voting House	850	50	800
Polling Place Rental	3,100	2,567	533
Materials and Supplies	22,500	22,499	1

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse:			
Salaries-			
Janitors	\$ 70,360	\$ 71,113	\$ (753)
Parking Lot Attendants	16,310	17,294	(984)
Maintenance-			
Building	4,160	4,156	4
Mechanical	3,500	335	3,165
Elevator	8,000	5,569	2,431
HVAC	20,000	15,947	4,053
Pest Control	1,000	800	200
Building Maintenance Supplies	4,500	4,221	279
Custodial Supplies	15,000	13,781	1,219
Uniforms	1,854	1,854	
Floor Care	2,500	285	2,215
Insurance	192,020	192,020	
KACO Reimbursement	38,911	38,907	4
Telephone	15,000	12,119	2,881
Travel	2,100	2,100	
Garbage	4,500	3,203	1,297
Water/Sewer	3,600		3,600
Electric	61,000	56,072	4,928
<u>Protection to Persons and Property</u>			
Ambulance Service			
Ambulance Contract Payment	651,622	651,622	
Ambulance Grant	35,000		35,000
Forestry Fire Protection:			
Kentucky State Treasurer	3,500	3,404	96
Drug Enforcement:			
Contribution	18,000	18,000	
Office of Public Defender:			
Contribution	6,186	6,186	

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Pest Eradication Program:			
Contribution	\$ 500	\$	\$ 500
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries-			
Dog Warden	23,140	23,139	1
Assistant Dog Warden	8,400	7,840	560
Office Personnel	15,240	15,237	3
Truck Maintenance	1,500	482	1,018
Veterinary Services	12,000	9,221	2,779
Animal Food and Health Supplies	3,080	3,068	12
Custodial Supplies	3,000	874	2,126
Uniforms	1,500	883	617
Operational Equipment	3,000	2,084	916
Dog Licenses	1,200	983	217
Telephone	1,500	1,143	357
Travel	500	114	386
Electric	5,500	5,278	222
Vehicle	3,000	2,984	16
Office of the Solid Waste Coordinator:			
Salaries-			
Coordinator	24,119	24,515	(396)
Monitor	18,982	19,294	(312)
Equipment	2,000	599	1,401
Soil Conservation:			
Farm Advisor Salary	30,000	30,000	
Contribution	25,000	25,000	

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u>			
Highway Safety:			
Director	\$ 26,000	\$ 26,000	\$
Assistant Director	9,560		9,560
Social Security	3,060		3,060
Retirement	3,460		3,460
Health Insurance	1,125		1,125
Unemployment	750		750
Workers Compensation	800		800
Copier Lease	2,400	2,322	78
Office Rent	6,240	6,240	
Office Supplies	3,600	3,260	340
Educational Material	15,190	15,185	5
Telephone	2,400	2,089	311
Travel and Training	9,000	3,642	5,358
Utilities	1,500		1,500
Victims' Assistance:			
Domestic Violence Advocate	18,500	7,192	11,308
Equipment	6,500	4,643	1,857
Miscellaneous	1,000	271	729
<u>Recreation and Culture</u>			
Parks:			
Salaries-			
Manager	17,210	17,210	
Gatekeeper	2,500		2,500
Other	8,465	9,637	(1,172)
Pulaski Park Grant Match	20,000		20,000
Park Expansion	3,022	3,000	22
Office Supplies and Printing	1,500	372	1,128
Park Maintenance Supplies	12,000	11,619	381
Playground Equipment	2,000	1,245	755
Pulaski Park East	9,000	3,000	6,000
Zollicoffer Park	30,000	30,000	
Camping Deposit Refund	500	174	326
Telephone	3,075	2,780	295

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued)			
Parks: (Continued)			
Travel	\$ 2,000	\$ 1,235	\$ 765
Utilities	20,000	15,497	4,503
Equipment and Construction	26,800	26,794	6
Trailer Purchase	14	14	
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program-			
Interest	77,000	65,841	11,159
Rural Economic Development			
Center-Interest	15,000	14,565	435
<u>Capital Projects</u>			
Buildings:			
Courthouse Renovations-			
Contracted Construction	1,695	1,692	3
Special Projects	44,500	42,340	2,160
Somerset Recycling Grant	301,266	160,938	140,328
<u>Administration</u>			
General Services:			
Audit Services	20,000	18,482	1,518
Legal Services	10,000	4,718	5,282
Psychiatric Evaluation	4,500	4,023	477
Judgements	470,000		470,000
Memberships	11,000	10,916	84
Miscellaneous	2,500	2,427	73
Contingent Appropriations:			
Reserve for Transfers	313,935		313,935

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Payments to Government Agencies:			
City of Somerset	\$ 845,770	\$ 845,766	\$ 4
City of Burnside	54,766	54,766	
City of Ferguson	73,600	73,600	
City of Science Hill	49,490	49,486	4
City of Eubank	27,900	27,896	4
Fringe Benefits:			
County Contributions-			
Social Security	227,000	231,277	(4,277)
Retirement	332,000	303,740	28,260
Health Insurance	225,185	225,185	
Worker's Compensation	87,000	85,949	1,051
Unemployment Insurance	25,000	24,764	236
Total Operating Budget	\$ 6,060,641	\$ 4,862,972	\$ 1,197,669
Other Financing Uses:			
Rural Economic Development			
Center-Bond Principal	60,000	60,000	
Kentucky Advance Revenue Program-			
Principal	3,079,500	3,079,500	
Total General Fund	\$ 9,200,141	\$ 8,002,472	\$ 1,197,669

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor:

Salaries-			
Road Supervisor	\$ 27,125	\$ 27,123	\$ 2
Secretary	19,968	20,311	(343)
Office Supplies	2,000	1,765	235
Equipment	12,000	10,688	1,312
Telephone	1,200	894	306
Utilities	4,900	4,557	343

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Office of Road Supervisor:(Continued)			
CDL Testing	\$ 2,080	\$ 2,115	\$ (35)
Building	938	79	859
Miscellaneous	6,000	5,789	211
Road Maintenance:			
Salaries-			
Road Labor	636,042	642,474	(6,432)
Mechanics	68,400	68,504	(104)
Crushed Stone and Gravel	335,000	329,826	5,174
Coldmix and Patching	100,000	90,680	9,320
Garage Supplies	83,000	76,190	6,810
Gasoline	92,000	90,466	1,534
Paving Materials	1,792,823	1,791,611	1,212
Pipe and Tile	60,000	58,429	1,571
Signs	15,000	13,759	1,241
Tires and Tubes	35,000	26,519	8,481
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program-			
Interest	18,050	15,436	2,614
KACO Leasing Trust Equipment Lease-			
Interest	7,273	7,271	2
<u>Capital Projects</u>			
Streets and Highways:			
Contracted Construction	128,500	128,490	10
New Equipment	161,150	154,444	6,706
Other Capital Projects:			
Valley Oak Access Road	24,700		24,700
Bridge Replacement	80,000	104,656	(24,656)

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
School's Share of Forestry Receipts	\$ 15,526	\$ 14,184	\$ 1,342
Contingent Appropriations:			
Reserve for Budget Transfers	249,002		249,002
Total Operating Budget	\$ 3,977,677	\$ 3,686,260	\$ 291,417
Other Financing Uses:			
KACO Leasing Trust Equipment Lease-			
Principal	74,102	74,102	
Kentucky Advance Revenue Program-			
Principal	721,975	721,975	
Total Road and Bridge Fund	\$ 4,773,754	\$ 4,482,337	\$ 291,417

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 50,155	\$ 50,155	\$
Jail Personnel	477,182	475,180	2,002
Office Personnel	41,979	42,007	(28)
Food Service Personnel	58,757	58,384	373
Maintenance Personnel	21,524	21,534	(10)
Part-Time Personnel	14,380	14,167	213
Other Personnel	6,103	6,102	1
Contracted Services-			
Psychological Evaluations	1,715	1,715	
Food Preparation	9,555	9,553	2
Building Repairs	15,000	4,650	10,350
Equipment Repairs	6,000	1,210	4,790
Dental Services	3,800	3,054	746
Medical Services	20,800	16,896	3,904

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer (Continued):			
Contracted Services (Continued)-			
Pest Control	\$ 840	\$ 840	\$
Building Maintenance	4,700	4,601	99
Contracts With Other Counties	40,000	39,807	193
Ambulance Service	2,500	2,415	85
Clinic and Hospital Services	35,000	12,367	22,633
Operations-			
Cleaning Supplies	12,080	12,079	1
Dues	550	500	50
Food	175,000	162,889	12,111
Jail Linens	4,000	2,049	1,951
Office Supplies	4,000	3,066	934
Other Materials and Supplies	2,000	1,432	568
Prisoner Clothing	3,150	3,148	2
Prisoner Hygiene	1,625	1,524	101
Routine Medical Supplies	8,000	7,136	864
Prisoner Medical Claims	5,000	3,615	1,385
Prisoner Pharmaceuticals	35,000	24,938	10,062
Staff Uniforms	8,000	7,881	119
Staff Training	4,400	3,906	494
Staff Travel	3,500	2,414	1,086
Telephone	7,000	6,698	302
Vehicles	3,560	3,507	53
Postage	750	489	261
Printing	1,200	672	528
Utilities	60,000	56,052	3,948
Equipment-			
Communication	3,000	2,234	766
Data Processing	2,000	215	1,785
Food Service	1,800	1,513	287
Plant Operation	15,000	7,218	7,782
Other	9,000	5,693	3,307
Furniture and Fixtures	2,000	275	1,725
Miscellaneous Operating Expense	1,800	1,810	(10)

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 167,563	\$	\$ 167,563
Fringe Benefits:			
County Contributions- Retirement	<u>51,500</u>	<u>36,355</u>	<u>15,145</u>
Total Operating Budget	\$ 1,402,468	\$ 1,123,945	\$ 278,523
Other Financing Uses:			
Transfers to Public Properties Corporation Fund	<u>157,410</u>	<u>157,405</u>	<u>5</u>
Total Jail Fund	<u>\$ 1,559,878</u>	<u>\$ 1,281,350</u>	<u>\$ 278,528</u>
 LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
<u>General Government</u>			
Economic Development:			
Chamber of Commerce	\$ 6,500	\$ 6,500	\$
<u>Protection to Persons and Property</u>			
Education Program:			
School to Work	1,000	1,000	
<u>Social Services</u>			
Senior Citizens Program:			
Council on Aging	3,000	3,000	
Alzheimer's Center	6,000	6,000	

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
<u>Social Services</u> (Continued)			
Services to Children and Youth:			
Kentucky Baptist Homes for Children	\$ 16,500	\$ 16,500	\$
Juvenile Shelter	1,022		1,022
Youth Task Force	12,500	12,500	
General Charity and Welfare:			
God's Food Pantry	2,500	2,500	
Pauper Burials	900		900
Home Relief	18,480	18,480	
Bethany House	1,500	1,500	
Other Social Service Programs:			
Health Department	1,650	1,650	
<u>Recreation and Culture</u>			
Parks:			
Fountain Square Foundation	5,920	5,920	
County Parks Contribution	17,000	17,000	
Celebrations, Festivals and Cultural Programs:			
Performing Arts	5,000	5,000	
Master Musicians Festival	6,500	6,500	
Other Cultural Programs:			
Watershed Arts Alliance	5,000	5,000	
Somerfest	1,000	1,000	
<u>Roads</u>			
Road Maintenance:			
Road Materials	133,000	129,802	3,198

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)			
<u>Airport</u>			
Airport Operating and Maintenance: Program Support	\$ 20,000	\$ 20,000	\$
<u>Administration</u>			
Contingent Appropriations: Reserve for Budget Transfers	227		227
Total Local Government Economic Assistance Fund	\$ 265,199	\$ 259,852	\$ 5,347
<u>911 FUND</u>			
<u>Protection to Persons and Property</u>			
Salaries:			
Director	\$ 29,204	\$ 31,647	\$ (2,443)
Dispatcher	296,271	264,897	31,374
Part-Time	45,000	43,864	1,136
Equipment Maintenance	17,000	16,100	900
Communication Equipment Maintenance	3,500	1,535	1,965
Custodial Supplies	4,000	2,398	1,602
Computer Supplies	3,000	1,203	1,797
Copier Supplies	1,500	1,380	120
Gasoline	4,500	4,524	(24)
Office Expense	7,000	5,021	1,979
Building Maintenance	3,000	992	2,008
Uniforms	4,000	3,115	885
Communication Expense	665	662	3
Telephone	110,000	89,209	20,791
Staff Training	4,000	930	3,070
Staff Travel	3,000	370	2,630
Utilities	4,000	3,289	711
New Equipment	30,545	30,541	4

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>911 FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
<u>Administration</u>			
Contingent Appropriation:			
Reserve for Budget Transfers	\$ 45,101	\$	\$ 45,101
Fringe Benefits:			
County Contributions-			
Retirement	29,460	24,521	4,939
Social Security	23,332	24,530	(1,198)
Health Insurance	30,460	29,869	591
Worker's Compensation	2,455		2,455
Unemployment Insurance	7,500		7,500
Total 911 Fund	<u>\$ 708,493</u>	<u>\$ 580,597</u>	<u>\$ 127,896</u>
<u>INDUSTRIAL DEVELOPMENT FUND</u>			
<u>General Government</u>			
Industrial Development Foundation:			
Contribution	\$ 446,976	\$ 311,205	\$ 135,771
<u>Administration</u>			
Contingent Appropriations:			
Reserved for Contingencies	<u>489,395</u>	<u>566,148</u>	<u>(76,753)</u>
Total Industrial Development Fund	<u>\$ 936,371</u>	<u>\$ 877,353</u>	<u>\$ 59,018</u>
<u>FIRE PROTECTION FUND</u>			
<u>Protection to Persons and Property</u>			
County Fire Department:			
Salaries-			
Coordinator	\$ 29,309	\$ 23,814	\$ 5,495
Office Assistant	15,333	15,703	(370)

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>FIRE PROTECTION FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Hazardous Material Supplies	\$ 10,500	\$ 7,382	\$ 3,118
Telephone	7,000	5,807	1,193
Travel	2,500	2,058	442
Communication Maintenance	26,000	8,497	17,503
Truck Repair and Maintenance	21,220	21,219	1
Office Supplies	5,500	5,327	173
Rescue Squad	18,000	18,000	
Advertising Costs	1,500	891	609
Contracted Services-Hydrants	7,000	6,362	638
Data Processing Supplies	5,000	4,437	563
Equipment and Tools	9,000	4,941	4,059
Uniforms	1,600	1,191	409
Other Supplies and Materials	1,000	959	41
Insurance Premium Distribution	220,464	211,401	9,063
Printing	1,000	102	898
Refunds	3,000		3,000
Registration Conference	2,000	1,398	602
Training	15,000	4,757	10,243
Building Maintenance	10,000	7,700	2,300
Office Equipment Repair	3,000	455	2,545
Other Equipment Repair	5,000	1,505	3,495
Fire and Safety Education	5,000	3,362	1,638
Miscellaneous	2,000	1,519	481
Insurance Premium Reimbursements	61,900	61,828	72

Debt Service

Borrowed Money:

KACO Leasing Trust Equipment Lease-			
Interest	48,300	40,355	7,945

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>FIRE PROTECTION FUND</u> (Continued)			
<u>Capital Projects</u>			
Equipment:			
Communication	\$ 30,000	\$ 24,795	\$ 5,205
Computers	3,500	3,185	315
Trucks	219,000	95,324	123,676
Other Equipment	69,748	53,393	16,355
Other:			
New Departments Construction	274,000	257,516	16,484
Departmental Loan Program	30,000		30,000
<u>Administration</u>			
Contingent Appropriations:			
Reserved for Contingencies	177,991	50	177,941
Total Operating Budget	\$ 1,341,365	\$ 895,233	\$ 446,132
Other Financing Uses:			
Borrowed Money:			
KACO Leasing Trust Equipment Lease- Principal	155,635	152,000	3,635
Total Fire Protection Fund	\$ 1,497,000	\$ 1,047,233	\$ 449,767
<u>TOURISM FUND</u>			
<u>Recreation and Culture</u>			
Tourism and Convention:			
Salaries	\$ 39,524	\$ 39,292	\$ 232
Travel and Group Shows	5,152	4,314	838
Advertising	18,000	12,638	5,362
Contracts With Private Agencies	9,000	3,309	5,691
Janitorial Services	1,000	275	725
Copy Machine Contract	680	660	20
Building Maintenance and Repairs	14,121	14,008	113

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>TOURISM FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued)			
Tourism and Convention (Continued):			
Equipment	\$ 2,423	\$ 2,245	\$ 178
Gasoline	1,111	1,110	1
Auto Repair	1,000	823	177
Office Supplies	2,449	2,448	1
Christmas Island	500		500
Dues and Subscriptions	1,124	1,123	1
Freight	827	826	1
Insurance:			
Liability	388	388	
Property	1,140	1,140	
Vehicle	1,130	1,127	3
Bond	200	194	6
Promotions	3,036	2,767	269
Printing	30,635	30,635	
Postage	5,000	5,002	(2)
Registration/Meetings	400	125	275
Telephone	9,400	6,672	2,728
Travel	2,063	941	1,122
Utilities	3,000	2,833	167
Miscellaneous	1,000	998	2
<u>Administration</u>			
General Services:			
Audit and Accounting	1,500		1,500
Contingent Appropriations:			
Reserved for Contingencies	9,000	9,000	

PULASKI COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>TOURISM FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
Social Security	\$ 4,000	\$ 2,796	\$ 1,204
Retirement	4,500	2,839	1,661
Health Insurance	2,500	1,173	1,327
Unemployment Insurance	795	535	260
Worker's Compensation	600	537	63
Total Tourism Fund	<u>\$ 177,198</u>	<u>\$ 152,773</u>	<u>\$ 24,425</u>
Total Operating Budget - All Funds	\$ 14,869,412	\$ 12,438,985	\$ 2,430,427
Other Financing Uses:			
Rural Economic Development			
Center-Bond Principal	60,000	60,000	
Borrowed Money-			
Kentucky Advanced Revenue			
Program-Principal	3,801,475	3,801,475	
KACO Leasing Trust Equipment Lease-			
Principal	229,737	226,102	3,635
Transfers to Public Properties			
Corporation Fund	157,410	157,405	5
TOTAL BUDGET - ALL FUNDS	<u>\$ 19,118,034</u>	<u>\$ 16,683,967</u>	<u>\$ 2,434,067</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Darrell BeShears, Pulaski County Judge/Executive
Honorable Louie Floyd, Former Pulaski County Judge/Executive
Members of the Pulaski County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Pulaski County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pulaski County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation section.

- The County Should Have Required The Depository Institution To Pledge Or Provide Additional Collateral Of \$378,935 And Enter Into A Written Agreement To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pulaski County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Darrell BeShears, Pulaski County Judge/Executive
Honorable Louie Floyd, Former Pulaski County Judge/Executive
Members of the Pulaski County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 27, 2000

COMMENT AND RECOMMENDATION

PULASKI COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1998

The County Should Have Required The Depository Institution To Pledge Or Provide Additional Collateral Of \$378,935 And Enter Into A Written Agreement To Protect Deposits

On August 29, 1997, \$378,935, of the county's deposits of public funds were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The county should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the county enter into a written agreement with all depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institutions.

Arlene Phelps, County Treasurer's Response:

The "Collateral Security Agreement" with this bank states, "The Bank has heretofore or will immediately deliver to the Trustee Collateral of the kind and character permitted by the Public Funds Law, of sufficient amount and market value to provoke adequate Collateral for the funds of the depositor [Pulaski County Fiscal Court] deposited with the bank." Deposits were not protected, because the bank had computer problems in monitoring deposits.

The fiscal court has funds deposited in different banks in the county. I tried to obtain a written agreement with this bank to protect the fiscal court's deposits. Negotiations began in November of 1998 and ended in July of 1999. During this time period, we presented four or five draft agreements to the bank, but its attorneys would not agree to the language stated in the agreement. An agreement was finally signed, July of 1999.

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CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

PULASKI COUNTY FISCAL COURT

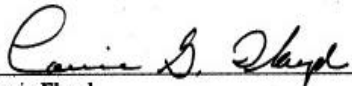
Fiscal Year Ended June 30, 1998

Appendix A

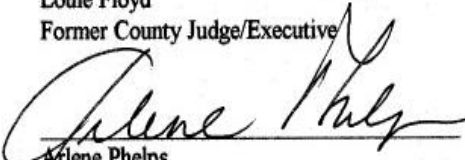
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
PULASKI COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

The Pulaski County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Louie Floyd
Former County Judge/Executive



Arlene Phelps
County Treasurer

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AUDIT REPORTS OF OTHER AUDITORS

SOMERSET-PULASKI COUNTY DEVELOPMENT FOUNDATION, INC.

SOMERSET ECONOMIC DEVELOPMENT FUND

SOMERSET ECONOMIC DEVELOPMENT FUND (B)

Fiscal Year Ended June 30, 1998

